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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 5, 2010

Certified Return Receipt
7003 2260 0002 0247 9055

Goldterra, Inc.
Daniel Sheppard
4088 East Airport Road
Price, Utah 84501

Subject: Deficient Reclamation Surety, Daniel Sheppard Black Knight Mine S/015/0078 Emery County, Utah

Dear Mr. Sheppard:

The Division of Oil, Gas and Mining have reviewed the reclamation surety for the Black Knight Mine. This surety was escalated three years from 2006. Your current reclamation surety is \$5400.00 which the Division is holding in the form of a certificate of deposit. The Division has recalculated the surety based on your permitted area of one acre to be:

\$7400.00 escalated for 3 years (surety amount next reviewed in 2013) OR
\$7600.00 escalated for 5 years (surety amount next reviewed in 2015)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Daniel Sheppard
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

\$2000 for 3-year escalation OR
\$2200 for 5-year escalation

The increased surety needs to be received no later than February 15, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Baker", with a stylized flourish at the end.

Paul Baker
Minerals Program Manager

PBB:jrp:pb

cc: wstokes@utah.gov

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